



CITY OF RIVERBANK FIRST TIME HOME BUYERS PROGRAM FREQUENTLY ASKED QUESTIONS FOR LENDERS

1. Are there any restrictions on applicant's income?

Yes,

- All participants must be within the very-low to low income limits based, on their household number and combined household gross income.
- Client's income is based on current verified income.
- Program does not allow for gross up of clients income.

2. Where are the income limits posted?

The income limits can be located on Housing Division web page and State of California Department of Housing and Community Development website.

3. Who provides the income limits?

Income limits are provided by the program funding source which currently includes Community Development Block Grant and HOME Investment Partnership Program.

4. Are the Income limits subject to change?

Yes, there are two main causes of changes to the income limits:

- The city will work with the current year's income limits, however; an update income limit chart will typically be issued during the second quarter of each calendar year. Any participant not locked in an escrow, will be subject to rescreening of income.
- If the participant received any income changes prior to close of escrow.

5. Must the buyer make any contribution towards the purchase?

Participant must provide a buyers contribution of at least 1% out of pocket supported by bank statement and/or official gift letter. 1% contribution can be applied to the down payment, payment of reports, and/or at close of escrow.

6. What loan type can the senior lender provide?

Senior loan can provide a FHA, CalFHA, Veterans or Conventional loan.

7. What is the loan methodology being used by the City's program?

Loan amount will depend on the needed GAP with a cap of \$70,000.00 per loan.

- If senior loan is above the City's maximum loan amount than loan can be up to \$70,000.00.
- If senior loan is below the City's maximum loan amount than the 50% rule will be implemented, restricting the City loan to dollar per dollar principal based on the senior loan.

8. Are there limitations on what types of senior loan can be provided?

- The senior loan can be FHA or Conventional.

- All senior loans are restricted to a 30 year term and must be of a Fixed Interest Rate.
- Senior loan must stay within 30%-35% front end Debt to Income Ratio (DIR) of the participant's gross monthly income. The participant's back end DIR must be kept within 35%-45% of their gross monthly income. City loan will NOT need to be part of the DIR since the loan will be deferred for a thirty year period.

9. Will the client's credit score matter for the City Loan?

Yes, the senior lender will need to provide a copy of their client's credit report. Any outstanding credit over ten months will need to be counted in the DIR ratios. Low credit score will need to provide explanation of low score cause.

10. What type of insurances are required for the City Loan?

- Homeowner/hazard insurance is required.
- Mortgage Insurance is **not** required for the City loan.

11. Will an appraisal be required by the City of Riverbank loan program?

All property purchase must be supported at 100% value by a certified appraiser.

12. How long will the City loan process take?

Program requires 30-45 days from the date a complete package is received. Please plan accordingly when establishing escrow period.

13. Will the City Loan include closing cost?

Closing cost assistance will be considered as long as closing costs do not exceed the \$70,000 city loan limit. Closing costs must stay within a margin of 5% of the purchase price.

14. Does the City loan have any fees?

No, the City loan does not have any administration or inspection fees. However, the City loan will need to have an ALTA insurance on the loan issued.

For any additional questions please email: rcasas@riverbank.org or via phone at (209) 863-7126 or (209) 863-7156. Applications are available at our City office located at 6707 Third Street, Ste. C. Riverbank, CA.

The City of Riverbank is an Equal Housing Lender and does not discriminate on the basis of race, color, religion, sex, handicap, familial status or national origin.

